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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/538,750	03/30/2000	Jay S. Walker	00-017	8975

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WALKER DIGITAL  
FIVE HIGH RIDGE PARK  
STAMFORD, CT 06905

EXAMINER
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HAQ, NAEEM U

ART UNIT	PAPER NUMBER
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3625

DATE MAILED: 05/27/2003

Please find below and/or attached an Office communication concerning this application or proceeding.

<p style="text-align: center;"><b>Office Action Summary</b></p>	<p><b>Application No.</b></p> <p>09/538,750</p>	<p><b>Applicant(s)</b></p> <p>WALKER ET AL.</p>	
	<p><b>Examiner</b></p> <p>Naeem Haq</p>	<p><b>Art Unit</b></p> <p>3625</p>	

### Period for Reply

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133).
- Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

1) ☒ Responsive to communication(s) filed on 03 March 2003.

2b) ☒ This action is non-final.

3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

4) ☒ Claim(s) 1-70 is/are pending in the application.

4a) Of the above claim(s) \_\_\_\_\_ is/are withdrawn from consideration.

5) ☐ Claim(s) \_\_\_\_\_ is/are allowed.

6) ☒ Claim(s) 1-70 is/are rejected.

7) ☐ Claim(s) \_\_\_\_\_ is/are objected to.

8) ☐ Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

9) ☐ The specification is objected to by the Examiner.

10) ☐ The drawing(s) filed on \_\_\_\_\_ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.

Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).

11) ☐ The proposed drawing correction filed on \_\_\_\_\_ is: a) ☐ approved b) ☐ disapproved by the Examiner.

If approved, corrected drawings are required in reply to this Office action.

12) ☐ The oath or declaration is objected to by the Examiner.

13) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).

a) ☐ All   b) ☐ Some \*   c) ☐ None of:

1. ☐ Certified copies of the priority documents have been received.

2. ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.

3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

\* See the attached detailed Office action for a list of the certified copies not received.

14) ☐ Acknowledgment is made of a claim for domestic priority under 35 U.S.C. § 119(e) (to a provisional application).

a) ☐ The translation of the foreign language provisional application has been received.

15) ☐ Acknowledgment is made of a claim for domestic priority under 35 U.S.C. §§ 120 and/or 121.

1) ☒ Notice of References Cited (PTO-892)

2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)

3) ☐ Information Disclosure Statement(s) (PTO-1449) Paper No(s) \_\_\_\_\_

4) ☐ Interview Summary (PTO-413) Paper No(s). \_\_\_\_\_ .

5) ☐ Notice of Informal Patent Application (PTO-152)

6) ☐ Other:

## DETAILED ACTION

### ***Response to Amendment***

This Office Action is in response to the Applicant's amendment, paper number 5, filed on March 3, 2003. Claims 1-70 are pending and will be consider for examination.

### ***Claim Rejections - 35 USC § 101***

35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

Claims 1-21, 23, 25-27, 29-33, 35-36, 38-55, 57-64, and 68-70 rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter. The claims are directed to a process that does nothing more than manipulate an abstract idea. There is no practical application in the technological arts. "All that is necessary to make a sequence of operational steps a statutory process within 35 USC 101 is that it be in the technological arts so as to be in consonance with the Constitutional purpose to promote the progress of 'useful arts.'" *In re Musgrave*, 431 F.2d 882, 167 USPQ 280 (CCPA 1970). "A claim is limited to a practical application when the method, as claimed, produces a concrete, tangible and useful result: i.e. the method recites a step or act of producing something that is concrete, tangible and useful." See *AT&T v. Excel Communications Inc.*, 172 F.3d at 1358, 50 USPQ2d at 1452. "A machine claim is statutory when the machine, as claimed, produces a

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concrete, tangible and useful result.” See *State Street Bank & Trust Co. v. Signature Financial Group, Inc.*, 149 F.3d at 1373, 47 USPQ2d at 1601 (Fed. Cir. 1998).

***Claim Rejections - 35 USC § 103***

The text of those sections of Title 35, U.S. Code not included in this action can be found in a prior Office action.

**Claims 1-8, 10, 12, 13, 15-17, 19-22, 27, 29, 35, 39, 40, 42-46, 48, 49-53, 56-60, and 65-70 are rejected under 35 U.S.C. 103(a) as being unpatentable over Halbert et al (US Patent 6,101,484) in view of Official Notice.**

Referring to claims 1-7, 27, 29, 35, 56-60, and 65-70, Halbert teaches a method, apparatus, and medium storing instructions for the method of facilitating a transaction, comprising:

- a processor and storage device in communication with said processor (Figure 1, column 7, lines 1-44);
- associating a transferable item price with a consumer (column 9, lines 15-17, lines 36-41);
- determining that a consumer is entitled to purchase an item in exchange for payment of an amount based on the transferable item price (column 9, lines 47-58);
- determining the transferable item price associated with the consumer (column 4, lines 23-24; column 9, lines 44-49);

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- wherein the determination of the transferable item price is based on an offer received from the consumer to purchase the item in exchange for payment of an offer price, the transferable item price being based on the offer price (column 3, lines 4-8; column 7, lines 45-65);
- wherein the offer received from the consumer comprises a binding offer and the offer price is defined by the consumer (column 1, lines 39-42; column 4, lines 40-46);
- wherein the consumer defines the offer price via entering the offer price (column 9, lines 11-13);
- wherein said associating is only performed if the offer received from the consumer is accepted (column 9, lines 44-58);
- wherein the determination of the transferable item price is based on the consumer purchasing the item in exchange for payment of a purchase price, wherein the transferable item price is based on the purchase price (column 9, lines 44-58).

Halbert does not explicitly teach that a second consumer is specified by the first consumer. However, Halbert teaches a "co-op" (column 4, lines 4-9) which inherently has a first and second consumer since the invention of Halbert requires a group of consumers. Furthermore, Official Notice is taken that it is old and well known for a first consumer to specify a second consumer to receive a benefit. Therefore it would have been obvious to one of ordinary skill in the art, at the time the invention was made, to allow a first consumer to specify a second consumer to receive a benefit. One of

ordinary skill in the art would have been motivated to do so in order to allow a first consumer to pass a benefit on to a friend or family member.

Referring to claim 8, Halbert does explicitly teach that the transferable item price is based on an auction bid received from the first consumer. However, please note that Halbert's method is based on the "reverse auction" model. Therefore it is inherent in the method of Halbert that the transferable item price is based on an auction bid since the method of Halbert is a type auction.

Referring to claim 10, Halbert teaches that the item price varies over time and the determination of the transferable item price is based on a time that the first consumer provides an offer (column 7, lines 45-67; column 8, lines 1-60).

Referring to claims 12 and 13, Halbert teaches that determination if the transferable item price may be associated with the first consumer is based on information associated with the first consumer (column 9, lines 11-17, lines 50-54).

Referring to claims 15, 21, 22, and 28, Halbert teaches that the transferable item price associated with the first consumer is based on a bid submitted by a second consumer and vice versa (column 9, lines 1-58). Halbert further teaches that the information is received from the first and second consumers via a web page (column 7, lines 6-21).

Referring to claims 16 and 17, Halbert teaches that the transferable item price is based on an item for sale (column 1, lines 17-26; Figure 3A; column 7, lines 45-63).

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Referring to claims 19, 20, 45, and 46, Halbert teaches that the transferable item price is associated with the first consumer based on a task performed by the first consumer wherein the task comprises providing information (column 9, lines 11-17).

Referring to claims 39, 40, 42-44, Halbert teaches that the determination that the second consumer is entitled to purchase the item in exchange for payment of the amount based on the transferable item price is based on a restriction associated with the transferable item price (column 1, lines 17-22; column 8, lines 62-64).

Referring to claims 48, 52, and 53, Halbert teaches that the first consumer is allowed to purchase the item at the transferable item price even if the second consumer purchases the item at the transferable item price (column 9, lines 47-58).

Referring to claims 50 and 51, Halbert teaches that the transferable item price is dynamic and changes based on time (column 7, lines 45-67; column 8, lines 1-60).

Referring to claim 49, Halbert teaches that the first consumer is prevented from purchasing the item at the transferable item price if the second consumer purchases the item at the transferable item price (column 9, lines 57-58).

**Claims 9, 11, 14, 18, 23-26, 30-34, 36-38, 41, 47, 54, 55, and 61-64 are rejected under 35 U.S.C. 103(a) as being unpatentable over Halbert et al (US Patent 6,101,484) in view of Official Notice and further in view of Pallakoff (US Patent 6,269,343 B1).**

Referring to claim 9, Halbert does not teach that the transferable item price is based on a price at which a third party offers to sell a similar item. However, it would

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have been obvious to one of ordinary skill in the art, at the time the invention was made, to have several vendors compete for selling merchandise to the co-op (first and second consumers) of Halbert. One of ordinary skill in the art would have been motivated to do so in order to provide a more competitive discount price to the consumers in the co-op.

Referring to claim 11, Halbert does not explicitly teach that the item is sold to consumers at a retail price and the transferable item price is different than the retail price. However, Halbert teaches that his method increases a supplier's overall profit by lowering the price per unit and increasing the sales volumes (column 3, lines 4-24). Therefore it would have been obvious to one of ordinary skill in the art, at the time the invention was made, to increase overall profits by reducing the price per unit below the retail price and increasing sales volume. One of ordinary skill in the art would have been motivated to do so in order to make more money.

Referring to claims 14 and 41, Halbert does not explicitly teach that the information associated with the first or second consumer comprises a credit rating. However, Halbert teaches that the information associated with first consumer is a "credit number and other pertinent information." (column 9, lines 11-13). Therefore it would have been obvious to one of ordinary skill in the art, at the time the invention was made, to associate a credit rating with the first user. One of ordinary skill in the art would have been motivated to do so in order to ensure that the consumer had the resources to submit a legitimate offer.

Referring to claim 18 and 47, Halbert teaches the limitations of claims 12 and 1 as noted above. Halbert does not teach that the transferable item price may be



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associated with the first consumer based on payment of a transfer fee amount by the first consumer. However, Pallakoff teaches a method of on-line marketing wherein a consumer pays a commission after receiving a discount from a seller (column 5, lines 38-45; column 9, lines 46-67; column 10, lines 1-12; column 12, lines 16-29). Therefore it would have been obvious to one of ordinary skill in the art, at the time the invention was made, to incorporate the teachings of Pallakoff into the method of Halbert. One of ordinary skill in the art would have been motivated to do so in order to allow the system operator to make money.

Referring to claim 30, Halbert does not explicitly teach receiving the transferable item price code from the second consumer. However, Halbert teaches receiving a bid from the second user (column 9, lines 11-13). Furthermore, Halbert teaches that the bid may become a discount price if a critical mass is achieved (column 9, lines 44-58). Therefore it would have been obvious to one of ordinary skill in the art, at the time the invention was made, to receive a transferable item price code from the second consumer if a critical mass was met in the invention of Halbert. One of ordinary skill in the art would have been motivated to do so in order to promote a sale if a critical mass was achieved in the invention of Halbert.

Referring to claim 31, Halbert teaches verifying the transferable item price code received from the second consumer (column 9, lines 15-17).

Referring to claim 32, Halbert does not explicitly teach comparing the transferable item price code transmitted to the first consumer and the transferable item price code received from the second consumer. However, Halbert teaches that the bid

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received from the second consumer is compared to the final co-op price to determine who is eligible for the discount price (column 9, lines 44-58). Therefore it would have been obvious to one of ordinary skill in the art, at the time the invention was made, to compare the first and second consumer's transferable item price code in order to determine who was eligible for the discount price, as taught by Halbert.

Referring to claims 33 and 34, Halbert does not teach that the transferable item price code is encrypted using a hash function. However, Official Notice is taken that it is well known in the art to use a hash function encryption in electronic commerce. One of ordinary skill in the art would have been motivated to do so in order to properly secure the final discount price of Halbert.

Referring to claims 23-26, 36-38, 54, 55, and 61-64, these claims are directed at obvious modifications of previously rejected claims and are therefore rejected as well. One of ordinary skill in the art would have been motivated to modify the teachings of Halbert and Pallakoff in various ways in order to find the optimal and most efficient method of selling items and increasing profits.

### ***Response to Arguments***

Applicant's arguments with respect to claims 1-70 have been considered but are moot in view of the new ground(s) of rejection.

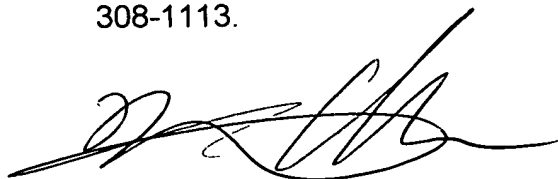
**Conclusion**

The prior art made of record and not relied upon is considered pertinent to applicant's disclosure. To support the Official Notice taken above, the Examiner cites the reference as follows: US Patent 5,953,705 to Oneda. Oneda teaches that a first user can specify a second user to receive a benefit.

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Naeem Haq whose telephone number is (703)-305-3930. The examiner can normally be reached on M-F 8:00am-5:00pm.

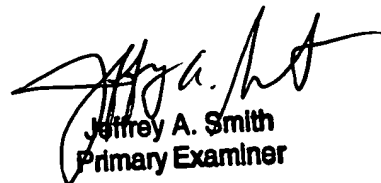
If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Wynn Coggins can be reached on (703)-308-1344. The fax phone numbers for the organization where this application or proceeding is assigned are (703)-305-7687 for regular communications and (703)-305-7687 for After Final communications.

Any inquiry of a general nature or relating to the status of this application or proceeding should be directed to the receptionist whose telephone number is (703)-308-1113.



Naeem Haq, Patent Examiner  
Art Unit 3625

May 18, 2003



Jeffrey A. Smith  
Primary Examiner